



Department of Defense DIRECTIVE

AD-A272 264

October 31, 1986
NUMBER 7045.13



ASD(C)

SUBJECT: DoD Credit Management and Debt Collection Program

- References:
- (a) DoD Directive 7045.13, "DoD Credit Management and Debt Collection Program," August 22, 1983 (hereby canceled)
 - (b) Office of Management and Budget Circular A-129, "Managing Federal Credit Programs," May 9, 1985
 - (c) Public Law 97-365, "Debt Collection Act of 1982"
 - (d) through (o), see enclosure 1

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A. REISSUANCE AND PURPOSE

This Directive:

1. Reissues and consolidates the authorities and reporting requirements prescribed in reference (a).
2. Under reference (b), establishes the credit management program, which includes debt collection and related policies and procedures and assigns responsibility for credit management and debt collection within the Department of Defense.
3. Implements the provisions of reference (c).

B. APPLICABILITY

This Directive applies to the Office of the Secretary of Defense (OSD), the Military Departments (including their National Guard and Reserve components), the Organization of the Joint Chiefs of Staff, the Unified and Specified Commands, and the Defense Agencies (hereafter referred to collectively as "DoD Components").

C. DEFINITION

Pay and Allowances. Includes basic pay, special pay, retainer pay, incentive pay, retired pay and equivalent pay and allowances, including travel and transportation allowances paid to active duty, Reserve, National Guard, and retired members; survivor annuities paid to their survivors, and pay and allowances including travel and transportation allowances paid to all civilian employees, including direct hire employees in foreign locations.

D. POLICY

It is DoD policy to manage credit properly and to pursue vigorously methods to ensure timely and economical debt collection.

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E. PROCEDURES

1. Upon identification, all accounts receivable immediately shall be recorded in the official accounting records and shall be maintained under accounting control until collected, waived, or otherwise written off.
2. All methods authorized by law for credit management and debt collection shall be used, including salary offset. Interest, penalties, and administrative charges, when applicable, shall be added to delinquent accounts, and the services of credit bureaus and collection agencies shall be used, as appropriate. Other collection methods may be used for delinquent debt collection with consideration given to diminishing return criteria.
3. DoD Components shall participate in debt information exchange and debt collection within the Department of Defense and with other federal agencies and local governments as authorized by Pub. L. 97-365 (reference (c)).

F. RESPONSIBILITIES

1. The Assistant Secretary of Defense (Comptroller), as the official responsible for the DoD credit management program, shall:
 - a. Develop and publish uniform financial accounting and reporting standards for credit management and debt collection as part of DoD 7220.9-M (reference (d)) and other issuances as needed, consistent with DoD 5025.1-M (reference (e)).
 - b. Oversee the implementation of the credit management and debt collection program in the Department of Defense.
 - c. Ensure that accounting and reporting of credit management and debt collection efforts are consistent with DoD Directive 5000.19 (reference (f)).
2. The Secretaries of the Military Departments, the Directors of Defense Agencies, and the Deputy Assistant Secretary of Defense (Administration)/Director, Washington Headquarters Services (WHS) (for OSD staff and field activities and for those Defense Agencies for which WHS is responsible for the Treasury Index 97 Appropriation Accounts), or their designees, shall:
 - a. Establish and conduct a vigorous program to collect debts owed to the Department of Defense and other federal agencies.
 - b. Designate a senior official who shall have overall responsibility and authority for debt collection.
 - c. Prescribe implementing regulations that conform with standards developed by the Department of Defense, the Attorney General, the Comptroller General, the Office of Personnel Management, and the Secretary of the Treasury under references (g) through (m).
 - d. Ensure that accounting and financial reporting standards for credit management and debt collection prescribed by DoD 7220.9-M (reference (d)) are adhered to in the design, modification, and maintenance of financial accounting and reporting systems.

e. Recommend changes to the debt collection accounting and financial reporting standards in reference (d).

f. Collect debts by administrative or salary offset when authorized by 5 U.S.C. 5514 (reference (k)) 31 U.S.C. 3716 (reference (l)), and Pub. L. 97-365 (reference (c)).

g. Use procedures and safeguards designed to ensure that alleged debtors are provided appropriate due process protection as prescribed in reference (c) as implemented by General Accounting Office (GAO) Federal Claims Collection Standards, Chapter II (reference (i)).

h. Compromise claims or terminate or suspend collection action on such claims as authorized by the "Federal Claims Collection Act of 1966" (reference (g)).

i. Waive, in certain cases, claims of the United States arising out of erroneous payments to members of the active and reserve components of the Armed Forces (including members of the National Guard) and civilian employees of pay, travel, transportation and relocation allowances and any accumulated interest associated with these claims (5 U.S.C. 5584, 10 U.S.C. 2774, and 32 U.S.C. 716, (references (h), (n) and (o)).

j. Annually inform military retirees of the effects of the dual compensation laws, of their responsibility to report employment, and that interest may be charged on any overpayment because of employment, effective with the date of the overpayment.

G. INFORMATION REQUIREMENTS

1. DoD Components shall submit directly to the Comptroller General the annual reports required by GAO Standards for Waiver of Claims (reference (j)) in the format illustrated in enclosure 2.

2. This report has been assigned Report Control Symbol DD-COMP(A)1312.

3. DoD Components shall prepare and submit Standard Form 220, "Statement of Financial Condition," Schedule 9, reports in accordance with the Treasury Financial Manual (reference (m)).

H. EFFECTIVE DATE AND IMPLEMENTATION

This Directive is effective immediately. Forward one copy of implementing documents to the Assistant Secretary of Defense (Comptroller) within 120 days.



William H. Taft, IV
Deputy Secretary of Defense

Enclosures - 2

1. References
2. Annual Report of Waiver of Claims (Sample)

REFERENCES, continued

- (d) DoD 7220.9-M, "DoD Accounting Manual" authorized by DoD Instruction 7220.9, "DoD Accounting Policy," October 22, 1981
- (e) DoD 5025.1-M, "DoD Directives System Procedures," April 1981, authorized by DoD Directive 5025.1, "Department of Defense Directives System," October 16, 1980
- (f) DoD Directive 5000.19, "Policies for the Management and Control of Information Requirements," March 12, 1976
- (g) Title 31, United States Code, Section 951 et seq. (Public Law 89-508, "Federal Claims Collection Act of 1966")
- (h) Title 5, United States Code, Section 5584
- (i) General Accounting Office Federal Claims Collection Standards, Chapter II
- (j) General Accounting Office Standards for Waiver of Claims for Erroneous Payments of Pay and Allowances (4 CFR 91-93)
- (k) Title 5, United States Code, Section 5514
- (l) Title 31, United States Code, Section 3716
- (m) Treasury Financial Manual for Guidance of Departments and Agencies
- (n) Title 10, United States Code, Section 2774
- (o) Title 32, United States Code, Section 716

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ANNUAL REPORT OF WAIVER OF CLAIMS (Sample)

SUBJECT: Annual Report of Waiver of Claims for Erroneous Payments of Pay and Allowances (5 U.S.C. 5584, 10 U.S.C. 2774, and 32 U.S.C. 716 (4 CFR 91-93)), Report Control Symbol RCS DD-COMP(A)1312

TO: Deputy Director for Claims
U.S. General Accounting Office
Washington, D.C. 20548
ATTN: Stephen Hunichen

In accordance with GAO Rules and Regulations, Title 4, Chapter 1, paragraph 105.2, the following report is submitted covering fiscal year 19____ (October 1, 19 ____ - September 30, 19 ____):

<u>Claims</u>	<u>Number</u>	<u>Dollar Value</u>	<u>Grand Total \$ (Mil & Civ)</u>
Waived in full by DoD Component	Mil _____ Civ _____	_____ _____	_____
Denied in full by DoD Component	Mil _____ Civ _____	_____ _____	_____
Waived in part	Mil _____ Civ _____	_____ _____	_____
Denied in part	Mil _____ Civ _____	_____ _____	_____
DoD Component deter- mined application not for considera- tion (see 4 GAO 102.1 - 102.3)	Mil _____ Civ _____	_____ _____	_____
Referred to GAO	Mil _____ Civ _____	_____ _____	_____
Amount refunded to claimant as result of waiver action by DoD Component			_____
Amount refunded to claimant as result of waiver action by GAO			_____